

**COUNTY OF SAN LUIS OBISPO BOARD OF SUPERVISORS
AGENDA ITEM TRANSMITTAL**

(1) DEPARTMENT Public Works	(2) MEETING DATE 5/21/2013	(3) CONTACT/PHONE Tom Trott, Utilities Division Capital Projects Manager (805) 781-1186	
(4) SUBJECT Submittal of a Letter of Commitment for Proposition 50 (Water Security) grant funding in the amount of \$2,975,000 for the Santa Margarita Emergency Water Intertie Project, and request authorization of a budget adjustment in the amount of \$345,000, for a General Fund loan for project development. Districts 1 and 5.			
(5) RECOMMENDED ACTION It is our recommendation that your Honorable Board: <ol style="list-style-type: none"> 1. Execute the attached Letter of Commitment, ensuring the County's intent to undertake the Santa Margarita Emergency Water Intertie Project (Project) with \$2,975,000 in Proposition 50 grant funds; and 2. Authorize a budget adjustment, by a 4/5ths vote, in the amount of \$345,000 for a loan from the General Fund to County Service Area (CSA) 23 to provide for project development costs. 			
(6) FUNDING SOURCE(S) General Fund	(7) CURRENT YEAR FINANCIAL IMPACT \$345,000.00	(8) ANNUAL FINANCIAL IMPACT N/A	(9) BUDGETED? No
(10) AGENDA PLACEMENT <input checked="" type="checkbox"/> Consent <input type="checkbox"/> Presentation <input type="checkbox"/> Hearing (Time Est. ____) <input type="checkbox"/> Board Business (Time Est. ____)			
(11) EXECUTED DOCUMENTS <input type="checkbox"/> Resolutions <input checked="" type="checkbox"/> Contracts <input type="checkbox"/> Ordinances <input type="checkbox"/> N/A			
(12) OUTLINE AGREEMENT REQUISITION NUMBER (OAR) N/A		(13) BUDGET ADJUSTMENT REQUIRED? BAR ID Number: N/A <input checked="" type="checkbox"/> 4/5th's Vote Required <input type="checkbox"/> N/A	
(14) LOCATION MAP Attached	(15) BUSINESS IMPACT STATEMENT? No	(16) AGENDA ITEM HISTORY <input type="checkbox"/> N/A Date: 7/24/12; Item #21	
(17) ADMINISTRATIVE OFFICE REVIEW <i>Nikki J. Schmidt</i>			
(18) SUPERVISOR DISTRICT(S) District 1 - District 5 -			

Reference: 13MAY21-C-12

County of San Luis Obispo



TO: Board of Supervisors

FROM: Public Works

Tom Trott, Utilities Division Capital Projects Manager

VIA: Dean Benedix, Utilities Division Manager

DATE: 5/21/2013

SUBJECT: Submittal of a Letter of Commitment for Proposition 50 (Water Security) grant funding in the amount of \$2,975,000 for the Santa Margarita Emergency Water Intertie Project, and request authorization of a budget adjustment in the amount of \$345,000, for a General Fund loan for project development. Districts 1 and 5.

RECOMMENDATION

It is our recommendation that your Honorable Board:

1. Execute the attached Letter of Commitment, ensuring the County's intent to undertake the Santa Margarita Emergency Water Intertie Project (Project) with \$2,975,000 in Proposition 50 grant funds; and
2. Authorize a budget adjustment, by a 4/5ths vote, in the amount of \$345,000 for a loan from the General Fund to County Service Area (CSA) 23 to provide for project development costs.

DISCUSSION

On July 24, 2012, your Board authorized the Public Works Director to make application to the California Department of Public Health (CDPH) for grant funding from the Water Security, Clean Water, Coastal and Beach Protection Act of 2002 (Proposition 50). The Water Security portion of Proposition 50 provides grant funds for projects that prevent damage to water supply, treatment and distribution facilities, prevent disruption of drinking water deliveries, and protect drinking water supplies from intentional contamination.

On May 1, 2013, Public Works received the subject Letter of Commitment (LOC) from CDPH, expressing CDPH's intent to provide a \$2,975,000 grant for the Santa Margarita Emergency Water Intertie Project (Project). The grant would cover all Project costs and is contingent on the conditions of the LOC and execution of a Funding Agreement (see attached sample) before October 31, 2013. CDPH also requires that the County execute and return the LOC no later than May 31, 2013, to continue to be eligible for this grant.

The Project consists of design and construction of the following three water interties:

1. CSA 23 / Atascadero Mutual Water Company / Garden Farms Community Water District Emergency Intertie

Project Cost: \$1,933,000

Purpose: To provide an emergency source of water to Santa Margarita in the event of drought, well contamination or other emergency.

Description: Construct a 2.5-mile, 8-inch pipeline along El Camino Real to interconnect the following water systems:

- County Service Area No. 23 (CSA 23, Santa Margarita)
- Garden Farms Community Water District
- Atascadero Mutual Water Company

2. CSA 23 / State Water Project Emergency Intertie

Project Cost: \$545,000

Purpose: To provide an emergency source of water to Santa Margarita in the event of drought, well contamination or other emergency.

Description: Construct turnout facilities to connect the CSA 23 water system to the State Water Project.

3. CSA 16 / State Water Project Intertie

Project Cost: \$497,000

Purpose: To provide water reliability and reduce Paso Robles Basin Groundwater pumping in Shandon by providing access to Shandon's existing State Water allotment.

Description: Construct turnout facilities to connect the County Service Area No. 16 (CSA 16 – Shandon) water system to the State Water Project.

In order to undertake this Project, we request a General Fund loan of \$345,000. This loan will provide for Project development costs in advance of a Funding Agreement, which CDPH will not issue until Project design is complete.

We recommend that your Board execute the attached LOC and approve a \$345,000 General Fund loan to provide for continued Project development and securing of Proposition 50 grant funding. Implementation of the Project will provide water reliability and security for the Shandon and Santa Margarita communities.

OTHER AGENCY INVOLVEMENT/IMPACT

CDPH, Division of Drinking Water, is responsible for administering the Water Security portion of the Proposition 50 grant program.

Atascadero Mutual Water Company and Garden Farms Community Water District own and operate their respective water systems. Department of Water Resources owns the State Water Project. Central Coast Water Authority operates and maintains the State Water Project and is responsible for overseeing development and construction of turnout facilities.

The San Luis Obispo County Flood Control and Water Conservation District is responsible for constructing State Water Project turnout facilities on behalf of local agencies.

The Shandon and Santa Margarita Advisory Councils, Garden Farms Community Water District, and Atascadero Mutual Water Company are aware of these projects and support their implementation with Proposition 50 grant funds.

FINANCIAL CONSIDERATIONS

Total project costs are estimated at \$2,975,000 and will be funded entirely by Proposition 50 Grant funds. Grant funds can only be disbursed once a Funding Agreement has been approved and the Funding Agreement can only be approved once final design of the project is complete. Budget for these projects will be requested in the FY 2013/14 Special Districts Proposed Budget for your Board's consideration in June.

Staff is requesting an interim General Fund loan to CSA 23 in the amount of \$345,000 in order to complete final design and enter into a Funding Agreement. This interim loan would be repaid with interest (calculated at the rate earned by the County's pooled funds) once grant funds are disbursed in late 2013. A budget adjustment in this amount, approved by a 4/5ths vote, is needed in order to transfer these funds from the General Fund using the Designation for Internal Financing as the funding source. The Auditor's Office has confirmed the availability of funds and the Administrative Office concurs with using these funds for this purpose.

In the highly unlikely event that a funding agreement is not executed, a funding source to repay the expended costs, for project design and project management, would need to be identified.

RESULTS

Approval of the recommended action will formalize the County's intent to develop the Santa Margarita Emergency Water Intertie Project with Proposition 50 grant funding which, upon implementation, will contribute to the County's community goals of providing for a safe, healthy, livable and well-governed community.

File: CF 320.520.06
CF 320.580.01

c: Tom Trott, Project Manager

Reference: 13MAY21-C-12

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ATTACHMENTS

1. Vicinity / Project Map
2. Proposition 50 Letter of Commitment
3. Sample Proposition 50 Funding Agreement